

**Agenda Item 2. Discuss any remaining comments to referred Model Regulation/Bulletin Changes**

Pete Weber, Ohio, Chair of the Actuarial Working Group (AWG), asked if there were any outstanding comments to the referred Model Regulation/Bulletin Changes in the IIPRC Office Report and Recommendation to the Product Standards Committee for the Uniform Standards currently subject to 5-Year Review (Phase 6 Long-Term Care Insurance).

**#4 PHASED IN RATE SCHEDULE INCREASE.**

- (a) The members discussed the change of the IIPRC approval authority from 15% on a certified basis to 15% on a requested basis, with disclosure of the certified amount needed. Observations were made that this change could result in more rate increases receiving approval as opposed to advisory opinions than prior to the change given some members' experience of certified rates increases typically exceeding 15% in state filings. In these situations, uniformity of rate increases would occur as all policyholders received the 15% increases as opposed to the increase decisions that may vary in each member state. It was also observed that in situations where an increase was approved that was less than the certified increase, this information may need to be incorporated into the policyholder disclosure. Both of these items related to public policy aspects of implementing rate increases. No actuarial concerns were discussed.
  
- (b) The members discussed the proposed additional Drafting Note confirming the permissibility to phase-in a rate increase over a specified period of time. It was observed that the Model Bulletin reference to phased-in increases specified that the phase in should be "actuarially equivalent to the single amount" while the proposed drafting note only gave the example of "such as 5% for the next three years," which if compounded would exceed 15%. The concern was expressed that the Compact review, like in states, is a technical, actuarial review and approval and that in many states, the options added to the NAIC LTC Model Regulation, including both the ability to approve less than an actuarially justified rate increase or to phase in an rate increase, were ones within the purview of the Commissioner so should still stay with the Commissioner and not the Compact. Some members had concerns that such a phase in could be difficult to communicate to policyholders. Others observed that although a phase-in approach is permitted in the Model Bulletin, it seemed impractical when rate increase amounts were small, such as the 15% increase to which the IIPRC is limited. These last two items are related to public policy aspects of implementing rate increases.

The AWG members requested their public policy comments and observations be forwarded to the PSC along with the recommendation to maintain the prior decision of the AWG with respect to Model Regulation/Bulletin Change #4.

No other comments were made with respect to the prior decisions of the AWG with respect to referred Model Regulation/Bulletin Changes in the IIPRC Office Report and Recommendation to the Product Standards Committee for the Uniform Standards currently subject to 5-Year Review (Phase 6 Long-Term Care Insurance).

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**Agenda Item 3. Discuss proposed draft of revisions to Rate Filing Standards for Individual Long-Term Care Insurance to include requirements for dollar-for-dollar benefits.**

IIPRC staff outlined the comment letter from the Kentucky Department of Insurance and its actuarial consultants for consideration of eliminating the exemption from the Long-term Care Insurance Rate Filing Uniform Standards for dollar-for-dollar benefits. The IIPRC also briefly outlined the approach that was used to incorporate the unique dollar-for-dollar provisions from the Kentucky/ACLI draft into a new provision within the existing standards. In particular, specific sections of the current standards were identified as not applying to dollar-for-dollar products, a new section was added for dollar-for-dollar products that addressed the unique requirement for initial and rate increase filings; and the additional definitions from the Kentucky draft were added. The AWG was asked to review both the comment letter and draft to discuss on the next call, so the AWG can provide input for the PSC's consideration. The next AWG meeting will be July 26, 2016.

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